United States Environmental Protection Agency
Criminal Investigation Division
Investigative Activity Report

Case Number
0700-0469

Case Title:
Jacam Chemicals LLC

Reporting Office:
Kansas City, KS, Area Office

Subject of Report:
Report of Review of Kansas Department of Health and Environment Files for Jacam

Activity Date:
July 30, 2013

Reporting Official and Date:
(b) (6), (b) (7)(C)
Special Agent
30-JUL-2013, Signed by: (b) (6), (b) (7)

Approving Official and Date:
(b) (6), (b) (7)(C)
Special Agent in Charge
31-JUL-2013, Approved by: (b) (6), (b)

SYNOPSIS

SA (b) (6), (b) (7)(C) reviewed the Kansas Department of Health and Environment (KDHE) permitting and enforcement file for Jacam in Sterling, Kansas. A review of the file found that Jacam is a formulator of solvents used in oil extraction and salt processing. Jacam claimed to not generate any process related wastes which was not reclaimed. The KDHE conducted an inspection in 1995 in which it claimed that Jacam does not produce hazardous waste.

DETAILS

On July 25, 2013, SA (b) (6), (b) (7)(C) contacted (b) (6), (b) (7)(C) with the Kansas Department of Health and Environment (KDHE) and requested a copy the state permitting and enforcement files for Jacam Chemicals LLC (JCL) in Sterling, Kansas. (b) (6), (b) (7)(C) forwarded SA Oesterreich's request to (b) (6) colleagues at the KDHE they responded via email. SA (b) (6), (b) (7)(C) reviewed the permitting and enforcement files sent to (b) (6) from KDHE and it is outlined in the remainder of this report.

On September 4, 1986 and November 3, 1986, KDHE sent a letters to JCL in which it was authorized to dispose of sulfur, ammonia, and water as a solid industrial waste in a landfill as long as it conformed to specific conditions outlined in the letter.

On October 15, 1990, KDHE sent a letter to JCL in response to a request sent by JCL on October 5, 1990 for authorization for disposal of industrial solid waste in a landfill. The JCL product to be disposed of was called "GS-50." KDHE indicated that JCL would have to perform a Toxicity Characteristic Leaching Procedure (TCLP) test on the material to be disposed. The results of the TCLP test would have to be included with the request for authorization in order to be allowed to dispose of the waste in a landfill.

On June 14, 1995, KDHE Inspector (b) (6), (b) (7)(C) conducted a hazardous waste inspection at JCL. The report indicated that JCL was not a generator of hazardous waste and no violations were identified. The company representative was (b) (6), (b) (7)(C) and the plant manager was (b) (6), (b) (7)(C). The business was listed as a formulator and distributor of solvents used in oil extraction and salt manufacturing. Its waste stream was approximately one gallon of used oil per month.

(b) (6), (b) (7)(C) indicated that the JCL facility began operations in 1985 on the west side of Sterling and employed about twenty people. The plant personnel use petroleum naphtha, xylene, methanol, isopropyl alcohol, hydrochloric acid, phosphoric acid, acetic acid, sulfuric acid, citric acid, and

sulfonic acid to prepare specific mixtures that are utilized in a wide variety of applications. The manufacture of corrosion inhibitors and surfactants for car washes were a large portion of its business.

Since, the facility was not connected to the City of Sterling of POTW, the inspector focused on the disposal of process related waste water. The facility connected a tank to the lowest part of the building that would collect spills or wash water is used for cleaning. The tank collects the water and it is reutilized in formulations blending. The report indicated that "All materials that generated at this site are returned to the process during the next batch mixing. This results in the facility not generating hazardous wastes as a result of their mixing and batching operations." In closing, (b) (6), (b) indicated that at the time of the inspection, JCL was in "substantial compliance with the State hazardous waste regulations."

On September 26, 1996, KDHE received a complaint of strong odors coming from the JCL facility on the west side of Sterling, Kansas. On October 3, 1996, KDHE Inspector (b) (6), (b) (7)(C) went to the JCL and met with (b) (6), (b) (7)(C) (b) (6), (b) (7)(C) opined that JCL was inspected on June 14, 1995 for compliance with the hazardous waste regulations (b) (6), (b) (7)(C) and it was found that the facility was in compliance and not generating hazardous waste. (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) drove to the production facility. (b) (6), (b) (7)(C) commented on an odor near the facility and (b) (6), (b) (7)(C) indicated it was Trimethylamine which was formulated in one of (b) (6) products used as a corrosion inhibitor. (b) (6), (b) said (b) was aware of the strong odor and constructed a vent system around the production reactor that draws the air around the reactor into it. The air is treated with hydrogen peroxide before it is released into the air. The conclusion to the report indicated (b) (6), (b) (7)(C) and (b) (6) employees are very conscience about the environment because JCL had constructed secondary containment around the above ground storage tanks; treated empty drums for odors; and installed a ventilation system to cut down on offensive odor emissions. (b) (6), (b) (7)(C) indicated that the complaint was probably made by a neighbor named (b) (6) " who is unhappy with living across the street from a "chemical plant." A copy of the Material Safety Data Sheets (MSDS) for Trimethylamine was included in the report. The Trimethylamine was supplied by Air Products and Chemicals of Allentown, Pennsylvania.

On September 5, 2000, KDHE received a letter from JCL. It was addressed to KDHE Bureau of Water Management Chief (b) (6), (b) (7)(C) The letter indicated that JCL had developed a process in which water-soluble cyanide is complexed into a stable non-hazardous compound called ferric ferrocyanide or Prussian Blue which is commonly used as a color additive in cosmetic, pharmaceutical, and textile industries. The correspondence requested a letter from KDHE which indicated that the "cyanide process" is non-hazardous or non-toxic and may be disposed of in a manner consistent with other chemicals of a similar nature. The intent of JCL was to provide a copy of a KDHE letter claiming the process was non-hazardous to potential customers. The letter was signed by JCL Chemist (b) (6), (b) (7)(C).

On September 21, 2000, KDHE sent a letter to JCL Chemist (b) (6), (b) (7)(C) which was in response to a telephone conversation on September 19, 2000. During the conversation JCL requested a statement from KDHE that the JCL "cyanide process" is non-hazardous or non-toxic and resulting waste may be disposed of in a manner consistent with other chemicals of a similar nature. KDHE indicated that it was not the practice of the KDHE to make such statements and that JCL would need to make a hazardous waste determination on waste generated from this process. The letter was

signed by (b) (6), (b) (7)(C) of KDHE.

On October 3, 2000, KDHE sent a letter to JCL which was in response to its letter dated September 26, 2000 in which JCL requested a statement from KDHE that when the chemical ferric ferrocyanide was sent for disposal it was not generally classified as a hazardous waste. KDHE indicated that ferric ferrocyanide is not identified in 40 CFR 261 as either a listed or characteristic hazardous waste but that it is the generators responsibility to make a determination of whether or not any resulting waste is a hazardous waste. Since JCL used a "cyanide process", it would be required to make a hazardous waste determination for any waste resulting from the use of the process. The letter was signed by (b) (6), (b) (7)(C)

On December 12, 2006, (b) (6), (b) (7)(C) KDHE Pretreatment Specialist, sent (b) (6), (b) (7)(C) of KDHE an email reference the Jacam facility relocation. (b) (6), (b) (7)(C) indicated according to (b) (6), (b) (7)(C) of Jacam, it was building a new facility three miles outside of Lyons and have plans on closing the Sterling location when it is completed. (b) (6) said Jacam had twenty-three employees. (b) (6), (b) (7)(C) confirmed that no chemicals are manufactured on-site but are diluted, reformulated, and packaged. Jacam at the Lyons location will not discharge any waste water because it claimed that it reuses extra product and rinse water produced during the formulation process.

On March 7, 2007, KDHE sent JCL a letter with attached questionnaires to help KDHE identify any industrial categorical pretreatment standards which may be applicable to it.

On March 14, 2007, KDHE received the industrial survey questionnaire from JCL. The survey indicated that the facility location was 425 S. 11th Street, Sterling, Kansas 67579 and that it had fifteen employees. The chemicals on site included acids, amines, solvents, alkalies, alcohols, and surfactants. The products include corrosion and scale inhibitors, emulsion breakers, gas sweeteners, and water treating compounds. The applicable Standard Industrial Classification (SIC) codes are 2819, 2841, 2869, and 2992.

The survey indicated that JCL was not subject to EPA industrial categories with pretreatment standards because all process waste water is collected and recycled into the finished products. JCL discharges only domestic waste to the City of Sterling waste water treatment plant. The certification signature is not legible.

On July 14, 2008, KDHE received a Notice of Intent for stormwater runoff from industrial activity. The facility name is "Jacam Manufacturing LLC" and the contact was listed as Vice President / General Counsel (b) (6), (b) (7)(C) The address for the production facility was 1656 Avenue Q, Sterling, Kansas and the facility was described as a petrochemical manufacturing plant. The SIC code listed for the facility was 2869. The current permits listed for the production facility was a State of Kansas construction permit S-AR85-0002 and USEPA R 103567.

On September 24, 2008, KDHE received a completion certification form for storm water associated with industrial activity permit S-ISWA-0507-1 from JCL. The certification was signed by (b) (6), (b) (7)(C).

On June 29, 2009, KDHE received the annual industrial stormwater permit fee from JCL. The document indicated that the permit fee was for the period from July 2009 through July 2010. The

document was signed by (b) (6), (b) (7)(C).

On June 15, 2010, KDHE received the annual industrial stormwater permit fee from JCL. The document indicated that the permit fee was for the period from July 2010 through July 2011. The document was signed by (b) (6), (b) (7)(C).

On July 24 and 25, 2013, there were emails between the KDHE and officials with Rice County about a sewer rate dispute between the City of Lyons and Rice County. Rice County was considering termination a service contract related to domestic waste at the JCL and neighboring ethanol facilities unless the terms were renegotiated.

ATTACHMENT

Jacam Permitting and Enforcement File from KDHE